

2016 ANNUAL REPORT



Community  America[®]
CREDIT UNION

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Lisa Ginter, CEO, and Rich Miller, Chairman of the Board

In 2016, CommunityAmerica was fortunate to experience incredibly positive growth. With a continued focus on putting our members' interests at the heart of everything we do, and helping to create financial peace of mind, we surpassed \$2 billion in assets and our member base is now greater than 200,000 strong. None of this would be possible if it weren't for our dedicated employees working diligently to provide unwaveringly dedicated service to our membership.

Our members benefitted from banking with us in a variety of ways last year, including yet another record-breaking Profit Payout of \$8 million, which was distributed in January 2017. We continue to open Community Financial Centers, and we are excited to finally open in new markets like Lee's Summit and the Plaza in 2017. Our digital banking experience continues to be strong, as members have access to their accounts 24/7 through our website and highly-rated mobile app.

There is a reason "community" is in our name, and 2016 was another year we continued that dedication. We were actively involved in multiple Chambers of Commerce throughout the Kansas City area, and we supported a variety of causes and organizations through both charitable giving and our employee volunteer program, which resulted in over 2,000 hours helping in the communities where we serve. Last but not least, 2016 was our first year as a proud partner of the Kansas City Chiefs. In 2017, we will become their official banking partner, providing visibility and access to even more people so that they, too, can experience financial peace of mind.

Please take some time to learn more about our highlights from 2016, and join us in our excitement for what's to come in the future. We look forward to the continued success of our member-owners and the vast potential of our mission and values.

Thank you for being a valued member!

Sincerely,

Rich Miller
Chairman of the Board

Lisa Ginter
Chief Executive Officer

2016 HIGHLIGHTS

Proud Partner of the Kansas City Chiefs

CommunityAmerica entered into an agreement with the Kansas City Chiefs to become a Proud Partner for the 2016 NFL season. Through the sponsorship, we introduced Chiefs fans to our brand through various activations inside Arrowhead stadium and in the community throughout the regular season. In addition, CommunityAmerica employees were provided fan experiences, Chiefs and CommunityAmerica branded gear and memories with our beloved hometown team. And this was just the start. Starting in 2017, CommunityAmerica becomes the Official Banking Partner of the Kansas City Chiefs, and not only will we have enhanced presence at the stadium and throughout Kansas City, but we will offer an exclusive Chiefs Checking account and several promotions that leverage the Chiefs brand equity and will aid in the continued success of CommunityAmerica.

\$1 Million Raised for Heart Research

CEO Lisa Ginter served as Co-Chair for the American Heart Association's Go Red for Women campaign. Her work raised a record-breaking \$1 million for heart research, the highest amount in history for 'Go Red' in Kansas City. In support of her endeavor, CommunityAmerica employees participated in the Red Dress Dash at the Kansas City Power and Light District. The Credit Union also hosted heart health lunch and learns and facilitated CPR training classes where employees learned heart attack, stroke prevention and response tactics.

West Olathe Community Financial Center Opens, Additional Locations Approved

CommunityAmerica introduced its Community Financial Center (CFC) concept in 2015. The CFCs feature a modern design, no teller lines, and a self-serve banking experience with a human touch. Members and prospects have responded extremely well to the CFCs since their inception, driving traffic and account growth for the organization. In 2016, the West Olathe CFC opened with record success, and the Credit Union announced two Lee's Summit locations and a Plaza location for 2017. Several CFC remodels are also planned to enhance the experience at existing branches.

Chief Commercial Officer Joins the Team

Pam Berneking joined CommunityAmerica as a Chief Commercial Officer in the fall, responsible for leading the commercial division, expanding our commercial banking portfolio. Pam has already developed a sound strategic plan to support small to mid-sized businesses with loans and deposits. She has also built a team of incredibly talented Kansas City commercial banking leaders to support CommunityAmerica's efforts, helping the Credit Union march towards its organizational goals.

Named Best Places to Work

The People-Driven Initiative continues to thrive at the Credit Union. CommunityAmerica was named among the Best Places to Work in Kansas City in the large company category. Employees were surveyed on company culture, communication, team dynamics, leadership and more, and the responses catapulted CommunityAmerica as a top employer. In addition, a new well-being program was launched aimed at helping employees maintain a healthy lifestyle in the areas of career development, financial peace of mind, physical and mental well-being and community giveback.

Salesforce Project is Underway

This year marked a significant resource investment and commitment to transition the Credit Union's branch and customer relationship management to Salesforce. This required the assemblage of a dedicated project team to research and learn the applications of the program and develop a rollout plan to train staff. Salesforce will allow employees to gain a 360-view of the member and will facilitate more effective communication across all departments with the ultimate goal of providing greater service to members and driving deeper engagement. The program is set to go live in early 2017.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Years ended December 31, 2016 and 2015 (Amounts in Thousands)

2016

2015

ASSETS

Cash on hand	44,721	35,559
Cash equivalents	83,169	168,040
Cash and cash equivalents	\$ 127,890	\$ 203,599
Securities available for sale	594,839	433,950
Other investments	20,371	20,003
Investments in CUSOs	2,616	896
Loans held for sale	32,367	30,274
Loans, net	1,463,219	1,361,707
Accrued interest receivable	5,638	5,001
Mortgage servicing rights	29,376	25,141
Premises and equipment, net	50,329	41,412
Federal Home Loan Bank stock	18,403	16,313
NCUSIF insurance deposit	17,100	15,736
Other assets	26,292	22,836
Total Assets	\$ 2,388,440	\$ 2,176,868

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Members' share and savings accounts	1,918,455	1,732,890
Borrowings	112,514	111,127
Accrued interest payable	8,246	7,164
Other liabilities	42,253	39,740
Total Liabilities	\$ 2,081,468	\$ 1,890,921

MEMBERS' EQUITY

Regular reserve	77,725	75,591
Undivided earnings	226,542	203,010
Accumulated other comprehensive income (loss)	(7,455)	(1,824)
Total CommunityAmerica Members' Equity	\$ 296,812	\$ 276,777
Non-controlling interest	10,160	9,170
Total Members' Equity	\$ 306,972	\$ 285,947
Total Liabilities & Members' Equity	\$ 2,388,440	\$ 2,176,868

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2016 and 2015 (Amounts in Thousands)

2016

2015

INTEREST

INTEREST INCOME

Loans	64,041	60,914
Investment securities	6,446	6,256
Cash equivalents	3,502	1,067
Total Interest Income	\$ 73,989	\$ 68,237

INTEREST EXPENSE

Members' share and savings accounts	14,672	13,029
Borrowed funds	3,010	3,186
Total Interest Expense	\$ 17,682	\$ 16,215

Net interest income	56,307	52,022
Provision for loan losses	8,850	2,708
Net Interest Income After Provision for Loan Losses	\$ 47,457	\$ 49,314

NON-INTEREST

NON-INTEREST INCOME

Service fees	15,842	14,490
Gain on the sale of loans	22,941	20,908
Credit and debit card transactions fees	17,699	15,733
Origination income	11,370	8,003
Net holding gain (loss) on other investments	1,778	(1,222)
Realized gains (losses) on repossessed assets	(63)	(84)
Other	16,302	14,754
Total Non-Interest Income	\$ 85,869	\$ 72,582

NON-INTEREST EXPENSE

Compensation and benefits	60,091	59,044
Office operations	19,985	17,739
Loan processing	3,368	2,681
Professional fees and outside services	8,614	7,631
Occupancy	6,261	6,177
Educational and promotional	4,625	5,175
Other operating expenses	5,860	4,539
Total Non-Interest Expense	\$ 108,804	\$ 102,986

Net income	24,522	18,910
Net income attributable to non-controlling interest	990	493
Net Income Attributable to CommunityAmerica	\$ 23,532	\$ 18,417

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2016 and 2015
(Amounts in Thousands)

	1	2	3	4	5	6
2014 BALANCES						
Balance, December 31, 2014	\$ 73,827	\$ 184,593	\$ 258,420	\$ 1,077	\$ 8,677	\$ 268,174
2015 BALANCES						
Net income	—	18,417	18,417	—	493	18,910
Other comprehensive loss	—	—	—	(2,901)	—	(2,901)
Credit Union merger	1,764	—	1,764	—	—	1,764
Balance, December 31, 2015	\$ 75,591	\$ 203,010	\$ 278,601	\$ (1,824)	\$ 9,170	\$ 285,947
2016 BALANCES						
Net income	—	23,532	23,532	—	990	24,522
Other comprehensive loss	—	—	—	(5,631)	—	(5,631)
Credit Union merger	2,134	—	2,134	—	—	2,134
Balance, December 31, 2016	\$ 77,725	\$ 226,542	\$ 304,267	\$ (7,455)	\$ 10,160	\$ 306,972

Column Headers

- | | | |
|-----------------------|--|------------------------------|
| 1. Regular Reserve | 4. Accumulated Other Comprehensive Income (Loss) | 5. Non-Controlling Interests |
| 2. Undivided Earnings | | 6. Total Members' Equity |
| 3. Total | | |

Treasurer's Report

In 2016, CommunityAmerica Credit Union increased total assets by \$211.6 million, to \$2.4 billion. Deposits increased by \$185.6 million over the year, totaling \$1.9 billion at year-end.

During the year, CommunityAmerica originated nearly \$1.0 billion in loans to members, increasing the total loan portfolio by 7.4%, to \$1.5 billion. The Credit Union's lending policies and collection practices resulted in a delinquency rate for 2016 of 0.48%. During the same year, the Credit Union experienced a charge-off ratio of 0.20%. CommunityAmerica's net income in 2016 was \$23.5 million, resulting in a 12.4% capital-to-asset ratio. These results include the \$8.1 million dollar year-end profit payout to members.

Supervisory Report

The Supervisory Committee of the Credit Union has a responsibility to serve members of CommunityAmerica. The committee meets at least quarterly to ensure the Credit Union operates properly and in accordance with the rules and regulations established by the National Credit Union Administration and the Missouri Division of Credit Unions.

Furthermore, we retained an independent audit firm to form an opinion on the accuracy of our consolidated financial statements. We are pleased to report that our audit yielded an unqualified opinion from our auditors, noting our financial statements to be presented fairly and in accordance with accounting principles generally accepted in the United States of America.

Board of Directors

CommunityAmerica's Board of Directors is elected by members. This volunteer group functions on our behalf to oversee the operations of the Credit Union. The Board meets monthly to ensure the Credit Union runs smoothly and in accordance with regulations.

Rich Miller, *Chairman*

Kerry Domke, *Vice Chairman*

Dean Newton, *Secretary/Treasurer*

Yijing Brentato

Melanie Coleman

Steve Kropp

Amy McAnarney

David Shepard

Trent Skaggs

Richard Wetzel

Supervisory Committee

The members of our Supervisory Committee volunteer their time to provide an additional level of checks and balances. This group meets at least quarterly, as well as with the Board of Directors monthly.

Stephanie Fisher, *Chairman*

Hal Bentley

Josh Johnson

Joe Williams



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